



For program details, please review the
DDD Grant Guidelines found at
<http://destatehousing.com>.

DOWNTOWN DEVELOPMENT DISTRICT (DDD)

DDD GRANTS: FREQUENTLY ASKED QUESTIONS

What is a DDD Grant?

Investors who make qualified real property investments in a Downtown Development District will be entitled to receive grants of up to 20% of the cost of their investments. DDD Grants are designed to spur investment and redevelopment in Downtown Development Districts, and are only available in DDDs. The DDD Grant program is modeled in part after a Virginia program that has been very successful in leveraging significant amounts of private investment in under-served areas.

Who administers the DDD Grant program – the city in which the DDD is located, or the State?

The DDD Grant program is administered at the State level by the Delaware State Housing Authority (DSHA). Anyone seeking to apply for a DDD Grant should apply directly with DSHA, not the municipality in which the DDD is located. For application information, see responses to the last two questions in this FAQ.

What types of projects may qualify for a DDD Grant?

Unlike similar incentives in other states, which are often limited to commercial and industrial projects, DDD Grants are available for a broad range of projects—including residential, mixed-use, commercial, and industrial projects within the boundaries of a DDD.

Who may qualify for a DDD Grant?

Grants are available to virtually anyone who makes qualified real estate improvements in a DDD. This could include for-profit builders and investors, nonprofit organizations, businesses, and even homeowners. However, governments are not eligible for DDD Grants.

What kind of activity is eligible for a DDD Grant?

For eligibility purposes, “qualified real property investments (QPRIs)” are capital expenditures, incurred after DDD designation, necessary for rehabilitation, expansion, or new construction. These are sometimes referred to as “hard costs.” Examples include: exterior, interior, structural, mechanical, or electrical improvements; excavations; grading and paving; landscaping or land improvements; and demolition.

In addition, only investments in excess of \$25,000 will qualify as “qualified real property investments.” So if an investor makes \$45,000 worth of qualified investments in a DDD, that investor would be entitled to a DDD Grant of \$4,000, which is 20% of \$20,000 (*i.e.*, the \$45,000 total investment minus the \$25,000 minimum investment).

How much has been allocated for the DDD Grant program so far?

\$7,000,000.

How much grant funding can an investor receive?

Investors are eligible to receive 20% of their “hard costs” over the threshold, up to \$500,000 per building or facility. DDD Grants in excess of \$500,000 will be calculated at a lower rate up to an additional \$500,000 for a maximum DDD Grant of \$1,000,000.

Is there a limit on how much funding a building or facility may receive?

Yes. The DDD Grant is limited to \$1,000,000 per building or facility within a 5-consecutive-year period starting with the year in which a grant is first awarded or reserved.

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How does the program incentivize larger, “transformational” projects?

During its outreach process in connection with this program, DSHA listened to stakeholders who stressed the importance of “transformational” projects in revitalizing communities. For that reason, all DDD Grant funds available, except for the Small Project Set-Aside discussed below, will be available for larger projects.

In addition, at the request of stakeholders, DSHA set the maximum DDD Grant award at \$1,000,000 (for projects having qualified real property investments of \$20,000,000 or more). Larger projects must first receive a Reservation in order to qualify for a DDD Grant.

Why is there a Reservation process?

DSHA reached out to our partners and learned that certainty of grant funds is a major factor in whether investors proceed in hard-to-develop areas. DSHA created the Reservation process to give investors assurance they will be funded once their project is complete.

How does the program ensure that small investors have fair access to DDD Grant funds?

To ensure that homeowners, small businesses, non-profit organizations, and other small investors have fair access to DDD Grant funds, DSHA has created a \$1 million “Small Project Set-Aside.” Eligible projects in this category include projects having a DDD Grant of no more than \$50,000.

In addition, DSHA has set up a simpler, streamlined process for small projects. Unlike larger investors, small project applicants do not need a Reservation to receive a grant.

How does the program ensure that smaller DDDs have fair access to DDD Grant funds?

Half of the funds available for larger projects will be allocated based on each District’s population. This “District Set-Aside” ensures that all DDDs have access to the funds as at least one large project from each DDD will be funded each year. Projects not funded through the District Set-Aside have a second opportunity to receive a Reservation through the “General Pool” (*i.e.*, the other half of the funds available for larger projects).

What if I am in a DDD that has more projects than funds available in the District Set-Aside?

When developing the program, DSHA wanted to ensure that, in cases where there are more projects than funding available, the highest quality projects would receive a DDD Grant. This is done by giving projects priority consideration when they meet additional state and local community objectives. Among others, these include projects that: (1) have been identified as “priority projects” by the city; (2) create permanent jobs; (3) expand housing opportunities; and (4) protect historic resources.

It is important to note that these objectives are only considered when there are more projects than funding available. If there are sufficient funds to fund all projects in that particular District’s Set-Aside then all projects will receive a Reservation. If there are not sufficient funds, then Projects will have a second opportunity to receive a Reservation through the General Pool.

Where do I find information on how to apply for a grant?

Applications, forms and guidelines may be obtained from DSHA’s website at <http://DeStateHousing.com> after January 20, 2015. For eligibility and general questions, contact DSHA toll-free at (888) 363-8808 or e-mail DDD@DeStateHousing.com.